

CIB # 000119

5 May 1955

TOP SECRET EIDER

MEMORANDUM FOR THE MEMBERS OF USCIB: **NSA Declassification/Release Instructions on File.**

Subject: The Petersen Case.

1. On 4 January 1955 Joseph Sidney Petersen, Jr. was sentenced to serve 7 years in Federal Prison after pleading guilty to charges of misuse of classified communications intelligence. He was remanded by the Court to the custody of the Attorney General of the United States and subsequently imprisoned in the Federal Penitentiary at Springfield, Missouri where he now is. The remaining two charges against Petersen, namely, that of obtaining classified defense information with intent and reason to believe that it would be used to the injury of the United States; and that of unlawfully removing official records entrusted to his custody were withdrawn by the government.

2. It is understood that arrangements have been made by the Department of Justice to provide for suitable surveillance of Petersen's contacts and communications while in prison.

3. Owing to the need to be constantly on the alert for indications of the effects of Petersen's acts and because we can not be sure that we really know all of the implications of the case, it seems unlikely that we can now completely close the books on it. However, it might be useful at this time to consider what damage may have been done and what security lessons we may learn from this incident.

4. Considering the damage aspect we have firstly no reliable assurance that the information passed by Petersen to the Dutch remained secure in their hands. Secondly, we have statements from competent representatives of the National Security Agency to the effect that the information on Russia supplied by Petersen could have accounted for the [REDACTED] Thirdly, the catholic scope of the information supplied to the Dutch was enough to keep them, at least, well informed as to the level of competence of the U.S. COMINT effort up through 1951. Last, but by no means least, the publicity attending the arrest and prosecution of Petersen has very materially increased the already damaging aggregate of information in public file on the nature and extent of the U.S. COMINT effort in general. In addition to a great deal of further information on the National Security Agency as a whole, several key individuals have been exposed in public as COMINT experts currently employed at their trade.

5. Compromise of all information available to Petersen must be assumed. It must be assumed further that all nations of the world have once more been alerted to the fact that if their communications can be read they very likely will be read. This can hardly fail to reduce the

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extent of cryptographic naivete which has been so helpful to the U.S. COMINT effort in the past. Finally, it should be assumed that any efforts that may be underway to penetrate COMINT activities or to exploit knowledgeable individuals will have received added guidance.

6. In considering the security lessons to be learned two important questions stand out:

(a) Are USCIB's present personnel security requirements and procedures adequate to detect a risk such as Petersen presented and to reject it at the outset?

The answer, unfortunately, appears to be "No". Two full background investigations adequate to satisfy the requirements of USCIB Directive #5 failed to indicate derogatory information. Nevertheless, an alert and aggressive personnel security program within the National Security Agency itself was ultimately responsible for turning up the derogatory information that might reasonably have been expected to be found in an investigative check of Petersen's working associates and social companions. In fact, the information that led to his detection was turned up in just that way. At least as far back as 1950 some of Petersen's fellow employees and social acquaintances had enough suspicious information to have warranted close examination of Petersen's activities. Such an examination might well have resulted in his apprehension at that time or even earlier for all we know.

Additionally, it is not unlikely that the polygraph screening procedure now used by NSA (and CIA) would have detected one major weakness of Petersen's and caused his rejection at that time. Even without the polygraph, this same weakness might have been made known had it not been for an error in judgment on the part of a responsible official who discouraged a subordinate from reporting information that would have thrown suspicion on Petersen in 1951.

(b) The second important question is: How can the potential damage that a faulty employee might do be localized?

The answer would appear to lie, in part at least, in compartmentation (as envisaged in USCIB Directive #4). In addition, strict limitation of access to COMINT on the basis of categories would materially assist in damage control in security cases such as this. The extent to which compartmentation and categorization would have been feasible in the Petersen case is doubtful at best. Perhaps as a "trouble shooter" even the strictest application of those principles would not have applied to him. Nevertheless, what happened to Petersen's knowledge should give rise to careful consideration of the need for any other individual to have such access and a still more careful review of the risk factor for that person.

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7. As a step towards improvement in our personnel security program it is recommended that:

(a) Paragraph 3b(7) of USCIB Directive #5 be revised so as to require interviews with at least three close "working" associates and at least three social acquaintances not listed in the personal history statement and not otherwise indicated by previous investigation to be intimate friends. (This may require changes in the Personal History Statement form.)


(b) Paragraph 6 of USCIB Directive #5 be revised to require periodic reinvestigations at intervals of not less than three years, such reinvestigation to include at least the six interviews described in (a) above and, in the event that such reinvestigation discloses derogatory information that cannot be explained satisfactorily, a polygraph test.

(c) USCIB go on record as at least encouraging the use of polygraph tests to screen individuals prior to indoctrination for COMINT.

(d) An ad hoc committee composed of 3 persons knowledgeable in the field of personnel security, appointed 1 each by the Department of Defense, CIA and FBI members and assisted as necessary by the Executive Secretary, USCIB, undertake a review of the entire personnel security program for COMINT clearances, reporting their findings and recommendations to the Executive Secretary, USCIB for forwarding to USCIB together with such comments and recommendations as he may add.

8. In view of the unusual and sensitive nature of this matter only 2 copies of this report are being distributed to each member.

9. It is requested that the attached vote sheet on the comments and recommendations set forth above be executed and returned to this office by the close of business on Friday, 13 May 1955.


RUFUS L. TAYLOR
Captain, U. S. Navy
Executive Secretary, USCIB

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